

STATEMENT OF PURPOSE

RS21933

This legislation repeals the Early Retirement Incentive program for teachers. This program distributes bonuses to teachers who are at least age 55 and are retiring before age 63 and before reaching their PERSI Rule of 90. The bonuses are paid over the summer, after completion of their teaching duties.

The program was originally established in 1996 as a way to encourage the retirement of teachers who did not wish to receive technology training and incorporate technology into instruction. All remaining teachers have long since received this training, and it has been a requirement in Idaho teacher preparation programs for many years.

It has been claimed that this program saves the state money by encouraging more higher paid, veteran teachers to retire and be replaced by younger, lower paid teachers. However, Idaho's actual experience has shown that the number of teachers retiring early has remained essentially unchanged during the most recent two years, in which the program was repealed, as compared to the previous five years. Thus, the program does not appear to have functioned as an incentive to encourage more teachers to retire, but rather, as an extra bonus to those who would have retired regardless.

This legislation ensures that these scarce dollars remain in the classroom, as they have been in FY12 and FY13, and are not diverted to pay bonuses to those who are no longer teaching.

FISCAL NOTE

If this legislation is not passed, it will cost the state General Fund an additional \$3.6 million in ongoing funding, beginning in FY14, to pay out bonuses to teachers who have retired early. If this legislation is passed, there is no additional cost to the state General Fund.

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